

**THE COMMON COUNCIL OF THE CIVIL CITY OF NEW ALBANY,
INDIANA, WILL HOLD A WORK SESSION IN THE THIRD FLOOR
ASSEMBLY ROOM OF THE CITY/COUNTY BUILDING ON THURSDAY,
April 17, 2008 AT 6:00 P.M.**

MEMBERS PRESENT: Council Members Mr. Coffey, Mr. Caesar, Mr. Price, Mr. McLaughlin, Mrs. Benedetti, Mr. Gonder, Mr. Messer, Mr. Zurschmiede and President Jeff Gahan.

Jeff Gahan called the meeting to order at 6:02 p.m. and asked Mr. Tom Pittman to come forward.

Mr. Pittman presented each member of the council with information on Local Government Finance after the 2008 Legislative Session and reviewed the same with the council. Said information is on file with the City Clerk's office. His first item of business was to review the changes to the TIF Laws that will take effect as of July 1, 2008. During this review he discussed Tax Increment Levies and asked if the city had ever used this.

Mr. Malysz stated that they had not.

Mr. Rosenbarger corrected him and informed that that one was done last year accidentally.

Mr. Pittman further discussed the reporting of the TIF districts to the County Auditor and other changes to the TIF laws.

There were questions regarding losing TIF money and whether or not TIF areas drain money from different taxing entities in the municipality.

Mrs. Benedetti asked if it is _____

Mr. Pittman stated that it is definitely the exception to the rule.

Mr. Coffey asked if instead of what has been done in the past now they would have to give that back to the units.

Mr. Pittman said you wouldn't have to give it back but you would have to reduce the amount you would collect in a year so it becomes a budgeting issue.

Mr. Coffey stated that he could see that as being a good thing. He stated that he understands that a TIF does do good but it also drains from the local tax base and this could be help that.

Mr. Pittman then went on to discuss how H.B. 1001 eliminates certain funds from local levies and what other funding sources can be used to replace those revenues and other changes to the general public financing laws such as referendum requirements, petition-remonstrance procedures, etc. His next item of business was the Circuit breaker caps on property taxes and other issues addressed in the property tax relief provisions.

Mr. Price asked if he had heard that they were bringing back the business inventory tax.

Mr. Pittman stated that he had not heard that but it could happen.

Ms. Wisman stated that is says under the sales tax increase that it will generate an additional \$9.1M and wanted to know what portion of that went back to the municipalities.

Mr. Pittman stated that they aren't going to get anymore than they are currently getting, all of the access is removed from local funding and they use it to pay the schools for the general fund instead of from the taxes.

Mr. Coffey asked Mr. Pittman to give them an overview on the way the laws have changed on the issuance of bonds.

Mr. Pittman stated that the terms would be shorter after July with a 20 year limit on single city type bond issuances. He explained that utility revenue bond issues really aren't fazed by this legislation it is mostly just property tax based bonds. He stated if you have financings that are right you should try to see what you can wrap up before July 1st. He stated that if you act before July you can still expand a TIF district pretty easily but after July they are locked. He stated that they would want to look hard at refinancing before the 1st of July as well because there would be advantages to getting them done before the new legislation.

Mr. Coffey asked Mr. Pittman whether or not other cities bid out work for bonding.

Mr. Pittman explained that the law does not require professional services to be bid out.

Mr. Coffey asked how the city knows that they are getting the best deal.

Mr. Pittman advised him that they should have an independent financial adviser.

Mr. Price mentioned the City Attorney receiving funds from the bonds for Scribner Place.

Mr. Pittman explained that the attorney can charge a fee but the law has changed so that it can not be a percent of the full amount of the bond.

Mr. Malysz asked if there was any instance where the Common Council issues a bond.

Mr. Pittman stated that for a civil city there are _____

Mr. Malysz stated that he thinks they had one of these back in 1958. He stated that they bond issues that have been in place have been revenue bonds and TIF bonds.

Mr. Coffey stated that they all have to come before the council to get approval and if they didn't need their approval then the administration should have borne the burden of them instead of making the council think they have to approve them.

Mr. Malysz stated that the council doesn't issue the bonds in that case because government money does and the council may have to interact with it and approve it but that does not mean that they need to hire two financial consultants.

Mr. Gahan stated that he sees his point and stated that the governing body has already taken the step before it comes to them

Mr. Pittman stated that there is a database online now that provides a basis for comparison for property tax _____ professional services.

Mr. Gahan reminded the council that this work session is about gathering information only.

Mr. Malysz asked about a TIF district bond that is paid off and stated that they had a TIF district created downtown and now they have another project that they would like to incorporate into that plan. He asked if there would be any problem adding another project like this with the new legislation if it justifies keeping the resources alive for that new project.

Mr. Pittman stated that there is a huge restriction _____

Mr. Price asked if the city takes out a bond that 100 tax payers can request a referendum.

Mr. Pittman stated only in the context of property tax bad debt, not for utility debt.

Mr. Coffey referred to the TIF project that Mr. Malysz talked about and asked if they looking at expanding that.

Mr. Malysz stated possibly but minimally they have to add the project that he talked about to it and possibly more.

Mr. Coffey stated that his point is that Mr. Pittman stated that expansion was going to be harder to do after the 1st of July and if they are going to do it they need to do it now.

ADJOURN:

There being no further business to be heard, the meeting adjourned at 7:10 p.m.

Jeff Gahan, President
Common Council, City of New Albany

ATTEST: _____
Marcey Wisman, City Clerk